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8 December 1980

## MEMORANDUM FOR THE RECORD

Staff Meeting Minutes of 8 December 1980

The Director chaired the meeting.

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Evans introduced Roberta Knapp as Acting Chief of the Historical Staff. The Director welcomed Knapp and said he was happy to see the program moving again. He noted he wants to revitalize the historical program because it is important that there be a record of CIA's role for future administrations. The Director commented he realized the compiling of our history would be a difficult task given the backlog caused by the on-again-off-again program, but stressed that we should do our best.

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The Director noted he had a busy weekend and that CIA played a major role in shaping the policymakers' reactions to the events in Poland. The Director said that part of the White House statement on the situation in Poland was the result of a meeting he had with analysts on 6 December prior to the SCC and NSC meetings on Poland. The Director noted that the President had sent private messages to selected heads of state of the Free World.

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The Director initiated a discussion on the state of Soviet readiness for intervention in Poland and commended NFAC for its good work (see NID of 8 December).

Clarke commented that two things should be brought to everyone's attention:

--It is significant that CIA has had a much less difficult time now in supporting government reaction than we had in 1968, prior to the Czech invasion, when the Administration didn't think anything would happen.

--In 1968, Soviet preparations for the invasion of Czechoslovakia were completed 20 days before the event. The point is that because the Soviets have completed preparations for a possible invasion of Poland and have not yet moved doesn't mean they won't act.

Clarke said we should keep these points in mind and opined that Soviet preparations do not preclude the holding of an exercise which could screen an invasion.

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The Director said he asked NFAC analysts to think of any reasons why our hypotheses of Soviet actions might be wrong. [ ]

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The Director noted the New York Times News Service item (attached) which reported he had acrimonious sessions with the transition team. The Director said the report was false and said he had had no confrontation with members of the team. He reiterated the need to be cooperative but not to relax our rules of access. [ ]

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The Director said he will meet with Edward Bennett Williams today. [ ]

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The Director will brief Governor Reagan on 11 December and will cover the Soviet economy, Poland, and China. Richard Allen will confirm the briefing date with Lehman. [ ]

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The Director noted the 15 points of possible change to improve intelligence (see Staff Meeting Minutes of 1 December). He said he also had received a list of 20 to 30 proposed changes to Executive Order 12036. The Director asked McMahon to look at these lists to see if they have "corporate" support. The Director commented that one or two of the suggested Executive Order changes may not be in the best interests of the Agency. He thanked all those involved in preparing the lists and said he intends to use them with high level officials in the incoming Administration. [ ]

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McMahon suggested the Director ought to discuss the role of the DCI under the present Executive Order with Williams, et al. The Director said that General Rowney told him there are pressures to come up with a new Executive Order by 20 January. The Director pointed out to Rowney where some changes should be made but said that the new Administration would have to make some policy decisions before issuing a new order. They would particularly have to face the question of what kind of a Director they wanted or else the DoD would try to usurp more authorities than it now has. [ ]

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The Director said the incoming Administration plans to repeal the FISA. The Director is in favor of the FISA because it has enhanced the Community's ability to collect intelligence. At this point, Mr. Carlucci commented that the transition team has a limited mandate and the Agency should not over react to its proposals. The Director asked attendees to reassure their employees in an attempt to reduce speculation. [ ]

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The Director instructed that all should be judicious in their dealings with the transition team and not scatter about our classified material, particularly information on our collection systems. The Director recommended that we do more oral briefings. [ ]

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In response to the Director's question, Mr. Carlucci advised the Director to call in General Rowney and protest the leak of the transition team's interim report to the press (attached). [ ]

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In response to his question, Clarke told the Director that the progress report on the NITs is moving along and the final paper will be sent to the Director before Christmas. The Director told Clarke he had informed recipients of the NITs they would be getting a two-page progress report on each NIT. [ ]

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McMahon commented on the following:

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Fitzwater noted the President had signed the bill eliminating the look-back provision to be effective 19 January 1981. As a result, Fitzwater expects a large number of retirements; currently there are [ ] in the pipeline. [ ]

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Hitz commented that there is a good chance of favorable legislation on the pay cap. A general discussion ensued. [ ]

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Lipton said he will defend CIA's supplemental before the OMB Examiner today. Lipton would like all Agency officers involved to defend all their items on the original [ ] submission. McMahon said the current situation in Poland ought to be cited as a good reason why CIA should have funds [ ]

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Hetu announced he was discontinuing the in-house news conferences held every Tuesday because of a lack of interest. [ ]

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In response to Clarke's question, Mr. Carlucci discussed his views on the current Portuguese situation. [ ]

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Hitz noted the press release on the Senate Report that there was no evidence that an Administration official [ ]

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Hitz announced that Jack Blake is going to be the new Staff Director of the SSCI. [ ]

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Hitz mentioned D/DIA's response to Mr. Carlucci's letter castigating DIA for using CIA ORCON material on the Hill without CIA permission. [ ]

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Hitz noted that the Conference Report on the CIA Appropriation passed both Houses of Congress over the weekend. [ ]

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[ ] reported the Director's session with OMB on 5 December went well. OMB approved [ ] for the total Community budget. This figure includes costs for half of the new NSA building and the final payment on the DIA building. The figure does not include three or four NRO programs which are justified and probably will be reprogrammed later which will raise the budget to [ ]. The CIAP lost [ ] from the [ ] covert action program [ ] however, the CIAP retained the entire [ ] Reserve which puts the Agency in a good position. [ ]

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8 DECEMBER 1980

# Reagan Urged To Reorganize U.S. Intelligence

By JUDITH MILLER

Special to The New York Times

WASHINGTON, Dec. 7 — President-elect Ronald Reagan's transition team for the Central Intelligence Agency has proposed several sweeping changes in the organization and operations of the nation's intelligence programs, including increased emphasis on covert action abroad, according to Mr. Reagan's advisers.

The aides said that a preliminary report on the C.I.A. was completed late last week and is to be submitted to Mr. Reagan's transition headquarters tomorrow. The panel is headed by J. William Middendorf 2d, former Secretary of the Navy, who is president of Financial General Bankshares, a Washington-based bank holding company.

In addition to calling for an enhanced role and increased financing for covert activities, the report recommends greater attention to counterintelligence to combat what is viewed as a growing threat of Soviet espionage and international terrorism.

## • Central Records System

This could be accomplished, the report is said to suggest, through the creation of a central records system that would be used by both the C.I.A. and domestic law-enforcement agencies, including the Federal Bureau of Investigation. Such a move has been resisted by Government officials in the past on the ground that it could pose a threat to the civil liberties of American citizens.

The report, Mr. Reagan's aides added,

also recommends the establishment of a competitive system of intelligence analysis, intended to provoke wider debate on sensitive international issues. Under the proposal, the Central Intelligence Agency would be forced to defend its conclusions against those of other intelligence agencies, such as the Pentagon's Defense Intelligence Agency.

According to several aides, these steps could be taken without legislation. But they added that the proposals, and the transition effort itself, had already prompted deep anxiety and debate within the agencies. Moreover, the wide-ranging debate over the structure of the intelligence bureaus and the quality of intelligence they produce have recently exacerbated long-standing tensions on the Senate Intelligence Committee.

Though Mr. Mittendorf declined to discuss the report, he said in an interview yesterday that he favored a more "aggressive" approach to intelligence and that the report's recommendations were aimed at "increasing the productivity" of the intelligence agencies.

William H. Casey, Mr. Reagan's campaign director, who is a strong prospect for the post of Director of Central Intelligence, is known to hold similar views. However, it is not known whether either Mr. Casey or Mr. Reagan will approve the transition team's recommendations.

The proposals are similar to several contained in a recent report prepared for senior Reagan advisers by the Heritage Foundation, a conservative Washington-based research group. However, the proposals touch on a number of complex issues that have been debated for years by intelligence officials.

Among the most sensitive of the proposals is the call for the competing centers of analysis. Many intelligence experts believe that the idea is good in principle but difficult in practice, as a previ-

ous attempt reflects. Four years ago, a group of outside specialists was asked by George Bush, then Director of Central Intelligence and now Vice President-elect, to appraise Soviet military potential and intentions.

## Trouble in the Agencies

The group, known as Team B, concluded that the C.I.A. and other agencies had underestimated the Soviet buildup and that Moscow was bent on achieving strategic superiority. The effort sparked an acrimonious debate in intelligence circles and upset C.I.A. analysts when reports of Team B's conclusions appeared in the press.

Reagan aides contend that under its plan, the competing analyses would be provided not by outsiders but by such other intelligence bureaus as the Defense Intelligence Agency. While the Reagan aides believe that this approach would improve the overall quality of American intelligence, C.I.A. officials maintain that the Pentagon intelligence apparatus is not capable of functioning as an effective counterweight.

Moreover, some intelligence experts contend that competing centers of analysis, as once existed, would overemphasize disagreements among intelligence agencies. The President now receives a consensus view from the Director of Central Intelligence in so-called National Intelligence Estimates, in which disagreements among intelligence bureaus are usually noted only in footnotes.

## A Longstanding Debate

The report's recommendation that a "central file" be established to enhance coordination of counter-intelligence activities is likely to be opposed by civil liberties groups. The file would contain data collected on the activities of suspected foreign agents, including their dealings with Americans. Such groups as the American Civil Liberties Union have maintained that this information could violate citizens' privacy rights.

Finally, there has for years been a growing debate over the push for a larger

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American covert action program overseas, such as the report proposes. Despite strong Republican support for a larger covert program, some experienced intelligence aides believe that the international scene has changed substantially since the 1950's, when the Central Intelligence Agency engaged in large-scale secret operations abroad.

The transition effort and the proposals under study have generated some tension between Reagan advisers and the C.I.A. A spokesman for the agency described meetings between transition team members and Adm. Stansfield Turner, Director of Central Intelligence, and other agency officials as "amicable sessions." But Reagan advisers called the encounters "hostile and acrimonious."

One official attributed the tension in part to the fact that for the first time a transition team has been formed to review the agency.

"The agency has traditionally regarded itself as professional, not political," said one official.

Others familiar with the transition effort, however, ascribe the anxiety to the reorganization proposals under study, which many officials believe threaten to undermine the agency's traditional dominance in intelligence affairs.

#### Moving the Desks

"It's a rule of thumb in bureaucracies that nothing generates as much heat as proposals to move the desks around," said one official.

The tension is reflected in the Senate Intelligence Committee, which is also in transition as a result of impending Republican control of the Senate. Last week, Democrats ratified the appointment of Senator Daniel Patrick Moynihan of New York as vice-chairman of the intelligence panel. And Senator Barry Goldwater, the Arizona Republican who will become the committee chairman, has proposed that the panel be cut from 15 to 13 members. Senate Republicans have agreed for now to keep the committee at full size, but many expect Mr. Goldwater to raise the issue again.